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## INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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General Political Situation

1. Moro was not at all dissatisfied with the manner in which the Italian Socialist Party (PSI) is collaborating with the DC Party in this government, but he was concerned by the rightwing opposition in his own party. The PSI pushed hard for the nationalization of electricity and was forced to take a rather intransigent position on the Turin riots. On the other hand, it has not sought or created opportunities to embarrass the government, has never asked for a single concession on foreign policy (in fact the matter has never even been discussed), and has assisted the government in passing the censorship and school laws. Moreover, the PSI newspaper, Avanti, has engaged in a relatively mild but insistent polemic with the Italian Communist Party (PCI) on a variety of second-level subjects. This does not mean the PSI has broken with the PCI, obviously, but it does indicate that it is moving slowly and carefully along such a path at about the pace that had been expected. In sum, the cautious experiment, and that is what it is, is moving along approximately in the direction and at the rhythm presaged by Moro in his Naples Congress speech.
2. The element that does disturb this rather encouraging picture is the intransigent opposition of Mario Scelba and the rightwing DCs to this government. To ask that the DC Party Secretariat demand the PSI's breaking with the PCI now is an act of disloyalty to the party majority. Clearly, it is not possible to render accounts after such a short

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period of trial, and the people who insist on this are acting in bad faith and against the interest of the party. In Naples it was understood that the center-left was undertaken because no other political formula was possible and that the experiment would require some time to run its course. After 15 years of PSI-PCI collaboration and the absolute lack of any serious effort to break the PSI away from the PCI, it is ridiculous to insist that this clamorous break transpire in a few months. Moreover, the rightwing DC opposition hurts the DC electoral cause by insisting that the party is making a string of unbroken concessions to the PSI. The nationalization of electricity, for example, has always been a sine qua non of PSI cooperation. Moro would have preferred a different solution than nationalization, but in the final analysis this represents only a detail, since the government's take-over of the electric companies forms the underpinning of PSI collaboration. It would be far better if the entire DC Party acted as though it wanted this legislation and as though it were the promoter and creator of this new policy aimed at making Italy a more open society favorably oriented toward the poor. Given the attacks of the DC right, it now appears as though the DC Party were being dragged by the heels toward PSI solutions. Under these circumstances the PSI will obtain whatever electoral benefits are to be obtained by nationalization of electricity, to cite one example, while the DC Party will suffer all the disadvantages of this move. The article Mario Scelba wrote for a Milan weekly recently is a case in point. It presents what amounts to a complete list of reasons why a voter should not vote DC. Hence, the reader of the article may conclude that Scelba is a wonderful man but still feel that he cannot vote for Scelba because he belongs to a party Scelba himself has described as unworthy of the voter's trust--providing the very reasons why this is true. This situation is particularly unfortunate because Moro would like to keep Scelba close to him as a possible future prime minister.

Probable Duration of the Fanfani Government

3. Barring some unforeseen event within the DC Party or further labor riots with fatal consequences, this government should last until the next general elections. These elections will not be "anticipated" in the normal sense of the word, but they will be held early. Moro is aiming for elections possibly in early April. According to Moro's time-table the nationalization of electricity should be approved by both houses by late September or early October. Some weeks should then pass before the enabling decrees are promulgated. After this there are the government's budgets to discuss. A bill for the regions will be presented, but there will not be sufficient time to approve it in its entirety. By that time the Christmas vacations will be due, and in view of the short summer vacation, they might be quite long. Since 70 days are required between the time elections are called and the time they are held, this leaves only part of January and early February for additional parliamentary work and controversy. Moro hopes in this fashion the present government will be able to last until the next elections.

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4. He still sees no other solution for the formation of a government. To establish a rightwing government on the heels of a leftwing government would disqualify the DC Party completely and present it to the electorate as a mass of power-hungry qualunquists without honor, program, philosophy or basic honesty. During the recent DC National Council meeting, Moro approached some of the opponents of this government and asked them to state specifically what the government was doing that disturbed them so much and what alternative solution they would suggest. They were at a loss to suggest another formula and were forced to admit that their opposition was based on personal rancor

and a vague feeling of disquiet about the possibility that the PCI would insert itself into the government in some unspecified fashion. Moro pointed out that if the Communists succeeded in inserting themselves into the government, it would be the fault of the DC rightwing, which by its actions provides the psychological and eventually even the physical possibility to the PCI to make its assistance determining. The government majority is so large that if the DC's voted and acted compactly, the PCI claims of conditioning this government could be dismissed as patently absurd.

5. If the government falls before the next election, it will probably be due to defections within the DC Party on some parliamentary vote, which will, in fact, make the PCI vote decisive. In this event, Moro would not hesitate to bring down the government.
6. Moro believes that one of the problems he has with DC parliamentarians stems from the lack of time at his disposal to walk the corridors of Montecitorio and talk to these people. When he does manage to have a serious chat with a parliamentarian, Moro usually finds him rather reasonable. Unfortunately, most of the parliamentarians of the north read only Corriere della Sera, and the rest of them read Il Tempo, both opposition newspapers. This was dramatically highlighted to Moro recently when a DC deputy wrote him an indignant note complaining about a phrase in one of his speeches. Moro had never uttered the offending phrase but did remember having read the doctored version in Il Tempo. The deputy had not even bothered to read the text of the speech in Il Popolo.

#### DC Relations with the PSI in the Immediate Future

7. DC-PSI relations should be characterized by increasing coolness and detachment as the political elections approach. From now until election time the DC Party will increase the tempo of its polemic against the PSI and will augment its pressure on the PSI to detach itself from the PCI. Moro does not believe this polemic will produce any practical result, since the PSI is less likely to make a precipitate move away from the PCI as elections approach. This will merely be an electoral maneuver, precious to both the PSI and the DC. The PSI, in its desire to hold on to as many leftwing voters as possible, must in its self-interest demonstrate an increasing intransigence toward the DC's. In turn, the DC Party, in an effort to maintain its hold on its rightwing electorate and to placate some of its flanking organizations, must show a tougher face to the PSI.

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8. The polemics should become increasingly sharp as the elections approach, but it is Moro's hope that they will not become bitter, for this would work against the re-establishment of a center-left government after the elections in the event the elections demonstrate the people's desire for this kind of government.
9. Moro was greatly annoyed by Democratic Socialist Party (PSDI) leader Giuseppe Saragat's statement to the effect that the PSDI expected the PSI to move away from the PCI at a faster pace after the 1963 elections and was even more annoyed by the newspaper articles in Corriere della Sera and Il Tempo taking Moro to task by pointing out that Saragat said what Moro should have said. Moro said, "The idiots, don't they realize that in this fashion Saragat has given the PSI carte blanche to do nothing until after the elections. By keeping silent on this score, I have left myself free to demand greater action from the PSI at any time and even to bring down the government tomorrow if this should prove in our interest. I am maintaining greater pressure on the PSI in this fashion than Saragat, who has practically told them that he expects no substantial progress in the PSI-PCI split until after the elections. Speaking objectively, I am not married to this government. I too believe that it will be difficult for Nenni to move much faster until after the elections; however, since we never know what specific situation may develop and what unreasonable demand some strategist in the PSI may dream up, I want to leave myself the maximum room for maneuver. Nobody forced Saragat to place such a distant dateline on PSI action. It has been my plan to place the DC Party in a position to take advantage of an eventual PSI-PCI split or to go to the electorate at any time and state 'we have tried in good faith but the PSI is unable or unwilling to meet us half way. Now you decide.' Saragat has thrown this trump card away and is praised for it by the conservative press."

Government Program

10. Nationalization of Electricity

- a. Moro agrees with his opposition that the nationalization of electricity, in and of itself, has only marginal utility as a social or economic measure. He freely admits that the electric companies seemed to be doing a good job and that hardly anyone, certainly among the DG's and even among the PSI, had any great interest in this law for its economic and social content. The value of this bill lies in its political and psychological implications.
- b. Obviously, it formed the foundation for PSI support to this government, and therefore, was indivisible from the center-left government. Hence in this sense a judgment on this bill really becomes a judgment for or against the "cautious experiment."

*how true!*  
c. However, of far greater importance is the large number of DC's who don't seem to understand what an opportunity this would be for the DC Party if it were exploited properly and if the party, united, at least pretended to badly want the law.

*more, the voter politicians*  
d. Fifteen years of power for any political party are bound to erode it. Since there is no alternative to the DC Party in Italy, the party itself must seek to present a new fact to the electorate, to create an image of vitality, freshness, and strength. Like the Republican Party in the United States, the DC Party has for years been accused of being too closely tied to big business and of being an instrument of the industrialists. Despite the fact that Italy has enjoyed unprecedented prosperity under DC governments, the party has been unable to shake this clinging impression. Moreover, a glance at electoral figures demonstrates the remarkable stability of the electorate. "Under these circumstances and unless we are satisfied with merely containing communism, we must create a psychological climate in which the people sense that something is moving, that there is something new and fresh in the wind, that the DC Party has risen from its ashes and, by reverting to its original Popular Party antecedents, has broken with its recent lethargic past and is again a mass party deeply concerned with the hopes and aspirations of the humble and the poor and determined to serve the people--all the people. President Kennedy called this fresh approach the New Frontier. We call it by the less appealing name of center-left."

e. The nationalization of electricity, by striking at the greatest and most powerful Italian monopoly, could at one stroke rid the DC Party of its big business reputation and start the political tides moving by convincing the Italian voters, even some Communists, that they do not need to vote for the dictatorial and bloody Communist Party in order to protect their interests but can have faith in democracy, the DC Party, and the other democratic parties which form the majority. Riccardo Lombardi states that the nationalization of electricity forms a break with a conservative past. This is true, but since the PSI always favored this measure, it is nothing new for them. The law, in its real political and psychological import, could serve the DC Party better than any other measure as a point of rupture with the least favorable aspects of DC history if our deputies would only understand this and support the measure regardless of its economic uselessness. The State and the small stockholder have been amply safeguarded in the new bill, as have been the electric companies, by the manner in which the Governor of the Bank of Italy, Guido Carli, and Mario Ferrari-Aggradi posed the problem and fought for an equitable solution. Since the bill's passage is inevitable, all that remains is for the DC deputies to have the sense to exploit it for the DC Party.

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11. Regions

Although a bill for the creation of regions will be presented in this Parliament, it is highly unlikely that it will be made into law before the end of the legislature. Moro himself has his doubts about the wisdom of such a bill but finds himself in difficulty because it forms a basic element of the Italian Republican Party (PRI) program, which is supported, even if only half-heartedly, by the PSDI, and naturally is included in the PSI program. For these reasons the issue cannot be ignored. On the other hand, it will never be approved by the DC deputies in this Parliament unless the PSI makes an a priori statement that it will not rule with the PCI in any region where they have a majority. It is most unlikely that the PSI will make such a statement on the eve of elections. In this event, it is improbable that the bill will go past the committees controlled by the DC, where it could form the basis for a serious DC parliamentary split. Under these circumstances Moro has worked out a scheme. Since it will take more than one law to actually create functioning regions, at least an electoral law and a financial law, Moro plans to work for the approval of one of the bills with the tacit understanding that the other bill will not be presented in this legislature. Then, depending on how the elections go, the other bill can be approved with the promise that the PSI will abandon the PCI, where this is possible, or the whole matter can be pigeonholed.

12. Development Agencies

This is a tough problem that Moro hopes can be postponed for the moment. He has not conducted negotiations with the PSI on this issue because he must first reconcile the differences that divide Paolo Bonomi and the Italian Confederation of Trade Unions (CISL). Both of these DC organizations are poles apart on how they view the problem.

DC Relations with the Government

13. In response to a blunt question as to how he was getting along with Fanfani, Moro's reply was voluminous and amply illustrated with historical allusions. The importance of the government in relation to the DC Party has been in decline since the death of DeGasperi. DeGasperi was the last person who combined in himself the essence of the party and the government. Beginning with the advent of Fanfani as party secretary, it has been the party which has created the various governments and which has brought them down. The government is merely an expression of the party. The present Fanfani Government was the result of inter-party negotiations which Moro conducted with other members of the coalition. If the Fanfani government should become disagreeable to any member of the coalition, it would fall regardless of what the Prime Minister might do. Although it is true that certain premiers can facilitate the work of the party secretaries,

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while others, either because of their personalities, personal ideas, or stubbornness, can make the efforts of the party secretary more difficult, a President of the Council of Ministers is reduced to petty intrigues and does not have the possibility or the capability to influence the broad lines of policy as laid down by the party. For example, it is entirely possible that a reckless prime minister might reach a secret agreement with a member of the coalition for a specific piece of legislation. However, this legislation must be approved by parliament, and if the party secretary does not fight for it in parliament or actively opposes it, the law desired by the premier will be defeated and his government will fall.

14. ~~To put it another way, prime ministers can be a nuisance, but they cannot seriously affect the course of a policy. It is natural that a prime minister does everything possible to remain in power, whereas a party secretary must be more cautious and be prepared for another government formula when the existing one is no longer viable. Because of this basic fact, there is bound to be a certain innate friction between the prime minister and the party secretary at any time. The premier always feels that the party secretary is not supporting him strongly enough, whereas the party secretary wishes the prime minister would not be so intransigent in support of his own government and somewhat more "possibilistic" in regard to the present opposition which the secretary views as a possible future ally. Moro admits to no more than the normal friction with Fanfani--friction somewhat aggravated by the fact that Fanfani is an unpopular figure in the DC Party.~~

Election Prediction

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very likely  
15. Moro is more confident than most of his party colleagues in regard to the political elections of the spring of 1963. He points out that the DC did extremely well in the administrative elections in the south last year. It should do even better in this area in the political elections. He discounts Rome as an indicator because of the nature of the Roman electorate, but even here he was encouraged by the lack of progress by the Italian Socialist Movement (MSI). He is skeptical of Pisa as an electoral barometer because several parties presented lists there for the first time in the last elections. Nonetheless, he is relatively certain that the DC will lose a considerable number of votes in the big northern cities, such as Milan, Genoa and Turin. The question will be whether the DC can make up these votes in the south and outlying areas. During the recent administrative elections a number of DC rightwingers flatly refused to campaign or else made just one speech or wrote one article in order to save face but were actively working against the party through their hometown friends. Next time these same people will have to campaign vigorously because they too will be up for election. For these reasons Moro is not pessimistic about the next general elections, provided he can find the funds to finance them. Confindustria has already terminated its financial assistance to the party and has told him it would not help the party for the political elections.

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16. As an indicator of the electoral trend, local elections in Massa Carrara and a few other medium-sized towns this fall should be interesting.
17. To Moro the most interesting aspect of the last administrative elections was the loss of votes by the PCI for the first time since 1948. While Moro was reluctant to claim this as a victory for the center-left formula, he also refused to discount the formula as being at least the partial cause of this success. Although the government had not had time to really do anything, the first indications of a new psychological climate were already being demonstrated by election time and may have had an influence in the Communist loss.

Purge of DC Electoral Lists

18. Moro had heard the rumor that he was purging or planned to purge the DC electoral list of rightwing candidates and denied it flatly. There are too many local interests involved to permit a successful purge, and an unsuccessful purge would be disastrous. Fanfani tried it and not only failed but much of his trouble stems from that attempt. In fact, Moro judges that the contrary is true. Because of the center-left many local party leaders, the Church, and Confindustria will probably support only rightwing candidates, whereas they might have been in the past more tolerant of certain left-leaning candidates. The party itself, in those areas where the center-left has caused a particular panic among the DC voters, would be inclined to support a rightwinger in an effort to reassure the frightened voters.
19. Many of the rumors of purge originate from the victims of the local tests of strength in many areas. These local rivalries have always existed and are probably no greater or more intense now than before. However, now, when a rightwing candidate loses out in his battle with a leftwinger, he blames his loss on a party "purge." Historically the only peaceful place for a DC candidate is in the Veneto, where the party is strong and the local leaders have the sense to divide the vote among themselves without bruising internal battles. At this very moment a bitter fight is underway in Trieste, the Abruzzi, the Marche, and various other areas between deputies from the same electoral district. There is nothing new in this, and in fact it helps the party obtain more votes. All the ferment and noise these battles create, the public interest they capture, and the greater expenditure of energy and funds by the various candidates in contention end by bringing more votes to the DC list.

Strike Wave

20. Moro felt that the recent wave of strikes was, by and large, not directly associated with the center-left government. The Turin riots, for example, were definitely caused by the Turin Communist Youth Federation, which has trade union-anarchist tendencies. It was, more than anything else, a symptom of unrest among the PCI youth and a protest against the present PCI leadership.
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21. The question of right-to-work against right-to-strike is just as delicate here as it is in America. Moro noted that he did not think the Americans had resolved this problem either. The police must use judgment on which right needs to be, and can be, best protected at any given moment. In Turin, for example, the number of strikers was so great that the only way the right-to-work could have been protected would have been to fire indiscriminately into the mob of pickets--obviously an impossible solution.
22. It must also be anticipated that labor strikes in the future will be severe and prolonged and that it will be increasingly difficult to isolate the Italian General Confederation of Labor (CGIL) in these labor controversies, both because the strikes will be more serious and because the CGIL is following a more flexible policy and is moving closer to the position of a real trade union, for tactical reasons.
23. Before, when the unions were weak, Italy was not as prosperous as now, and there was a super-abundance of manpower, it was simple for the CISL (Italian Confederation of Trade Union Workers), for example, to accept a few cents an hour less than the CGIL would agree to and sign a separate agreement with the companies. Now, however, the unions are gaining in strength as their members are better able to sustain a prolonged strike and as a shortage of qualified manpower develops. Therefore, it is increasingly difficult for the CISL to reach an accommodation with management, and it must behave more like a real union that is willing to do battle. The situation is further complicated by the fact that the CGIL has reduced its political aspirations to the minimum and is also concentrating on economic union matters. For these reasons, although Moro is not pleased by recent evidence that CISL-CGIL joint action has increased, he is not alarmed by it, understands its basis, and expects it. He feels that the CISL has no other choice.

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